
FACULTY OF AGRICULTURE AND ANIMAL SCIENCES, ARAPAI CAMPUS

**PROFITABILITY OF SUGARCANE OUTGROWER BUSINESS: A CASE STUDY
OF LUGAZI MUNICIPALITY, BUIKWE DISTRICT, UGANDA**

BY

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**A RESEARCH DISSERTATION SUBMITTED TO THE DEPARTMENT OF
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MAY 2023

DECLARATION

I, **Ssabakaki Ashiraf** declare that this research report was written by me and it has never been submitted before at any institution for any academic award. And I have much confidence that the work in this thesis will be of great use and importance to everyone who will come across it.

SIGNED SS.....DATE 03rd/June/2022

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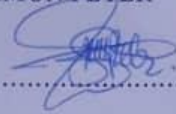
APPROVAL

I hereby certify that this report is original and individual work of Ssabakaki Ashiraf a student from Busitema University-Arapai Campus- Faculty of Agriculture and Animal Sciences, Registration number BU/UP/2019/1069.

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 5th / 6 / 2023

DEDICATION

I dedicate this report to my beloved mother Naluyange Olivia and father Ssemambo Asumani who have always been supportive to my academics from the very beginning to the end, to all my brothers and sisters who have done what they could in their capacities. I also dedicate it to all my great friends who have been by my side to give me all kinds of encouragements and lastly my sincere appreciation goes to my hardworking supervisor Mr.Okiror Simon Peter who has always worked tirelessly to make sure complete my research.

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ABSTRACT

Commercial sugarcane farming has been practiced in Lugazi Municipality nearly fifty years mainly for sugar production. This monocultural land use is cultivated majorly by the small scale farmers and a limited number of large scale farmers as this research has revealed due to the land constraint affecting the production of the crop. This study was conducted to analyze the profitability of sugarcane out grower business. Data was collected through a survey with a guide of questionnaires, in the profitability study the gross profits of the small scale sugarcane out growers in Lugazi was calculated, the factors that influenced the out growers to continue in business, the benefits of cultivating sugarcane under the contract and non-contract out grower schemes, challenges and solutions to the problems faced by the sugarcane out growers in the different schemes were all investigated. The results in the study report positive profits results of 2,885,524.684 million per acre for the contract out growers and 2,175,176.875 million per acre for the independent out growers in the sugarcane out grower business which have been a great contributor to the life advancement of the small scale out growers in Lugazi Municipality and therefore I recommend the out growers to continue in the business with much efforts to expand the business as the study has reported that the more the acres of cultivation the increase in the profits and due to the fact that profits are likely to increase in the second season since some costs are incurred only in the first season of planting.

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LIST OF ABBREVIATIONS

SCOUL	Sugar Cooperation of Uganda Limited.
BC	Before Christ.
REG NO	Registration Number.
TVC	Total variable costs.
TFC	Total Fixed Costs.
TC	Total Cost.
SPSS	Statistical Package for Social Sciences.
GDP	Gross Domestic Product.
N	Niles.
Mm	Millimeter.
Ft	Feet.
Km	kilometer.
Mi	Miles.
N	North.
E	East.
Sd.dev	Standard deviation.
Freq	Frequency

CHAPTER ONE

INTRODUCTION

1.1 Background

It is stated that sugarcane was first domesticated as a crop in New Guinea around 6000 years BC, But the earliest known production of crystalline sugar started in Northern India (Bachelo et al., n.d.).

Sugarcane production provides opportunities for employment and improved incomes to a large population of people in the world, hence reduction in poverty (M. B. Masuku & Dlamini, 2012)

.The crop also supplies more than half of the world's sugar consumption (von Maltitz et al., 2019) Since it provides sugar, Many African and Asian countries have therefore turned to commercial agriculture in sugarcane farming for a way to meet the world sugar demand (Agath, 2019).Under the commercial Agriculture farming, strategies were laid to fully make sugarcane growing a serious practice and this resulted into the establishment of out grower schemes organized by farmers across the globe with efforts to venture into the sugarcane production (Martiniello et al., 2022)

These out grower schemes are categorized into the small scale out growers, medium and large scale out growers under contract and independent farming arrangements, Where in contract farming they are aligned with policies which give farmers access to inputs such as credits, fertilizers, planting materials, herbicides which are deducted upon delivery of the crop during harvesting and easy access to assured market however, with independent farming is where farmers are on self-sponsorship in all the costs required for the production. (von Maltitz et al., 2019)

Both systems have been adopted in Uganda in areas close to the sugarcane processing industries such as kinyara sugar works limited in Masindi, kaliro sugar limited in kaliro, kakira sugar works limited in jinja and SCOUL in Lugazi as the crop is perceived to be more profitable and economically valuable (Mwavu et al., 2018)

Further traces have been made on Uganda's production which is now over 600,000 metric tons annually from 200,000 metric tons in 2006 able to serve the domestic and export market demand with Uganda's annual consumption of 360,000 metric tons (Angella, 2019)

Sugar production company's in Uganda have also further been projected with Kakira sugar works being recognized as the leading producer of sugar with an estimated 165,000 metric tons of sugar annually accounting for about 47% of the national output,.Kinyara the second accounting for 31% of annual national output and SCOUL the rotation of this study in the

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Challenges And Solutions : Analysis On Adoption Of Production Practices For Sugarcane Growers School Of Electronic Engineering , Beijing University Of Posts & Telecommunications , Beijing , China Dawood University Of Engineering And Technology , Karachi , Pakistan Department Of Computer System Engineering , QUEST , Pakistan * Corresponding Author : Zeeshan Ali Memon , .

Zeeshanali201710@Yahoo.Com . Article Received 15-01-2021 , Revised 20-02-2021 , Accepted 01-03-2021 . Abstract The Present Research Focuses On The Problems Faced By Sugarcane Growers In Adoption Of Production Practices Of Sugarcane In District Naushahro Feroze . From Taluka Moro And N . Feroze Five Villages Were Selected Through Multistage Sampling Techniques . Thus , Making A Sample Of 75 Farmers Was Randomly Selected From The Study Area . Multistage Plan Was Used To Collect The Data . It Was Observed That A High Majority Of The Respondents Had Knowledge That Land Ploughing Helps To Increase The Increase The Yield Stability Rate Of Crops

(60 %). Regarding Time Of Application Of Fertilizers , Majority Of Respondents Had Partial Knowledge With 70 Percent Of The Respondents Having Full Knowledge Regarding Application Of Irrigation Once In 10 To 15 Days . The Results Indicates That Majority (40 %) Of The Respondents Adopt Proper Land High Cost Of Fertilizers And Non-Availability Of Credit Facilities , Non-Availability Of Required Quantity Of Rate And At Required Time , Cost Of Complex Fertilizers Should Be Reduced , Conduct Demonstrations On Different Sustainable Cultivation Practices In Sugarcane To Show Their Efficacy , Proper Schedule Of Varietal Harvesting Must Be Followed By Sugar Factories , Organize Training Programmes On Sustainable Cultivation Practices In Sugarcane , Provide Pest And Disease Resistant Varieties Through Sugar Factories And Research Stations , Conduct Keywords : Adoption , Challenges , Growers , Production , Solutions , Sugarcane Introduction. 1(1), 18–25.

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